

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

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SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01 PRS-01

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC PRIORITY 3877

INFO USDOC WASHDC

AMEMBASSY ABU DHABI

AMEMBASSY BAGHDAD

AMEMBASSY JIDDA

AMEMBASSY CAIRO

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

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DEPT PLEASE PASS USGS AND BURNINES

E.O. 11652: N/A

TAGS: ENRG, EMIN, IN

SUBJECT: INDIAN POL IMPORTS AND PRODUCTION - 1975 AND 1976

1. ACCORDING TO THE GOI MINISTRY OF PETROLEUM, INDIAN IMPORTS OF
POL DURING JANUARY THROUGH NOVEMBER 1975 AMOUNTED TO 14.5 MILLION
METRIC TONS (MT) VALUED AT RS. 10.58 BILLION (\$1,245 MILLION).
THIS INCLUDES 12.53 MILLION MT OF CRUDE (\$1,045 MILLION) AND
1.99 MILLION MT OF PETROLEUM PRODUCTS (\$200

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MILLION). ON THE BASIS OF THESE FIGURES WE ESTIMATE TOTAL IMPORTS

OF POL FOR CY 1975 AT ABOUT 16 MILLION MT AND AN IMPORT BILL AMOUNTING TO ROUGHLY RS. 12.90 BILLION (\$1,518 MILLION).

2. DOMESTIC CRUDE OIL PRODUCTION IN CY 1975 WAS 8.27 MILLION MT. IT IS EXPECTED TO INCREASE TO 9.5 MILLION MT IN CY 1976 INCLUDING 0.5 MILLION MT FROM THE OFFSHORE BOMBAY HIGH AREA.

3. DUE TO FOREIGN EXCHANGE CONSTRAINTS THE GOI PLANS TO CONTINUE ITS CONTROL OVER CRUDE IMPORTS FOR CY 1976 LIMITING THEM TO ABOUT 14 MILLION MT, ROUGHLY THE SAME AS IN THE PREVIOUS YEAR. WE EXPECT THE IMPORT OF PETROLEUM PRODUCTS FOR CY 1976 TO BE IN THE NEIGHBORHOOD OF 2 MILLION MT FOR A TOTAL OF ABOUT 16 MILLION MT OF POL FOR THIS YEAR. THIS EXCLUDES 0.5 MILLION MT THE GOI PLANS TO LIFT FROM ITS JOINT VENTURE IN IRAN (RUSTOM FIELD).

4. ACCORDING TO PRESS REPORTS, BUT PRESUMABLY BASED ON OFFICIAL BRIEFINGS, MAJOR SOURCES OF CRUDE IMPORTS FOR FY 1976 ARE PLANNED AS FOLLOWS (IN MILLION METRIC TONS):

UAE	1.0
EGYPT	0.5
IRAQ	2.8
IRAN	5.2
ARAMCO	2.5
BURMAH-SHELL	2.5

5. CONTRACTS HAVE REPORTEDLY BEEN SIGNED WITH UAE AND EGYPT WITH NEGOTIATIONS CURRENTLY UNDERWAY WITH OTHER MIDDLE EAST SUPPLIERS. TO DIVERSIFY ITS SOURCES OF CRUDE THE GOI MAY SEEK SOME IMPORTS FROM KUWAIT WHICH IS A SOURCE OF PETROLEUM PRODUCTS AS IS THE SOVIET UNION. A THREE-YEAR AGREEMENT WITH SAUDI ARABIA FOR THE ANNUAL SUPPLY OF 1.1 MILLION MT OF CRUDE EXPIRED IN DECMBER 1975 AND NO NEW AGREEMENT HAS YET BEEN CONCLUDED. AN AGREEMENT FOR THE IMPORT OF CRUDE THROUGH BURMAH-SHELL IS ANTICIPATED TO BE SIGNED SHORTLY.

6. A PARTICIPATION AGREEMENT SIGNED MARCH 14, 1974 BETWEEN ARAMCO AND HINDUSTAN PETROLEUM COMPANY LIMITED (ESSO 26 0/0) CALLS FOR THE SUPPLY OF SAUDI CRUDE (20 0/0 LIGHT, 80 0/0 HEAVY) TO THE HPCL REFINERY AT THE RATE OF 55,000 B/D FOR THE FIRST THREE YEARS AND LIMITED OFFICIAL USE

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27,243 B/D FOR THE NEXT FOUR YEARS AT PREVAILING INTERNATIONAL PRICES. THIS AMOUNTS TO ABOUT 2.5 MILLION MT OF SAUDI CRUDE TO BE IMPORTED IN 1976. AS OF MARCH 1981, ESSO'S REMAINING 26 0/0 EQUITY IS TO BE TERMINATED. HOWEVER, ESSO HAS RECENTLY MADE AN OFFER TO GOI TO SELL OUT BEFORE THAT DATE.

7. TAKING INTO ACCONT THE 1.0 MILLION MT OF CRUDE ANTICIPATED FROM THE BOMBAY HIGH (0.5 MILLION MT) AND THE RUSTOM FIELDS

(0.5 MILLION MT) IN IRAN THE TOTAL AVAILABILITY OF POL DURING
CY 1976 IS EXPECTED TO BE AROUND 26.0 MILLION MT, UP ABOUT 7.0
PERCENT OVER THE PREVIOUS YEAR.
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